

Message Text

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DRAFTED BY S/S-O: BMCMULLEN

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C O N F I D E N T I A L STATE 007345

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. ENERGY SHORTAGE: ECONOMIC IMPACT ON EC

PRELIMINARY FIGURES IN A REPORT ON THE ECONOMIC IMPACT OF THE ENERGY SHORTAGE BEING PREPARED BY THE EC COMMISSION ARE DISQUIETING. AMONG OTHER THINGS THE FIGURES INDICATE: A 1974 EC CURRENT ACCOUNT DEFICIT OF 19 BILLION DOLLARS; INFLATION RATES OF 10-15 PERCENT IN MEMBER STATES; A 1.5 PERCENT DECLINE IN REAL GNP AND ADDITIONAL UNEMPLOYMENT. EC COMMISSION SOURCES FEAR THAT WHEN THE REPORT IS SUBMITTED TO THE EC COUNCIL IN LATE JANUARY EC MEMBER STATES WILL RESPOND WITH THEIR OWN NATIONAL POLICIES AND COMMUNITY SOLIDARITY WILL BE FURTHER JEOPARDIZED. (CONFIDENTIAL) USEC BRUSSELS 201, 1/11.

2. SHULTZ TO SETTLE OFFSET QUESTION?

AN OFFICIAL OF THE GERMAN FINANCE MINISTRY HAS TOLD EMBASSY BONN THAT FINANCE MINISTER SCHMIDT HAS SUSPENDED
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STAFF WORK ON OFFSET MATTERS. ACCORDING TO THE OFFICIAL,

SCHMIDT INTENDS TO SETTLE THE OFFSET QUESTION PERSONALLY

WITH TREASURY SECRETARY SHULTZ IN ROME ON JANUARY 17.
(CONFIDENTIAL) BONN 543, 1/11.

3. ISRAELIS SURPRISED THAT SYRIA HAS SCUDS

THE JANUARY 11 EDITION OF THE JERUSALEM POST STATES THAT ADMIRAL MOORER CONFIRMED ON TELEVISION THAT SYRIA HAS SCUD MISSILES. AMBASSADOR KEATING COMMENTS THAT THIS NEWS CAME AS A SURPRISE TO THE ISRAELIS AND WILL ADD TO THE GENERAL DISTRUST OF ARAB INTENTIONS. SINCE THIS TOPIC WILL PROBABLY BE RAISED DURING THE SECRETARY'S VISIT, THE AMBASSADOR REQUESTS ADDITIONAL INFORMATION.
(CONFIDENTIAL) TEL AVIV 228, 1/11.

4. ASAD PLANNING KEY CABINET CHANGES

A WELL-INFORMED SOURCE HAS TOLD USINT DAMASCUS THAT PRESIDENT ASAD WILL RESHUFFLE HIS CABINET SOON TO ELIMINATE RESISTANCE TO HIS POLICY OF SENDING A SYRIAN MISSION TO GENEVA AS SOON AS EGYPT ACHIEVES SOME PROGRESS THERE. ABD AL-RAHMAN KHLAYFAWI AND ABDULLAH AL-KHANI WILL BE NAMED PRIME MINISTER AND FOREIGN MINISTER, RESPECTIVELY. USINT DAMASCUS BELIEVES THIS INFORMATION, AS WELL AS REPORTS THAT THERE IS STRONG SYRIAN SUPPORT FOR ASAD'S PEACE POLICY, IS ACCURATE. (CONFIDENTIAL)
DAMASCUS 2, 1/10.

5. CANAL TREATY NEGOTIATIONS

PANAMANIAN OFFICIALS, ALTHOUGH NOT COMMENTING PUBLICLY ON OPTIMISTIC WIRE SERVICE REPORTS REGARDING AGREEMENT ON BASIC PRINCIPLES FOR A NEW CANAL TREATY, PRIVATELY HAVE TOLD EMBASSY OFFICIALS THEY ARE PLEASED WITH THE PROGRESS MADE DURING AMBASSADOR BUNKER'S RECENT VISIT. EMBASSY PANAMA, HOWEVER, BELIEVES A BASIC SKEPTICISM CONCERNING US INTENTIONS STILL REMAINS IN SOME QUARTERS AND POINTS OUT THAT TORRIJOS' OPPOSITION IS SPREADING STORIES THAT HE HAS "SOLD OUT" TO THE US. (CONFIDENTIAL)
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PANAMA 220, 1/11. RUSH

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